

AMENDED IN ASSEMBLY JUNE 28, 2011

AMENDED IN ASSEMBLY JUNE 15, 2011

SENATE BILL

No. 939

Introduced by Senator Wright

March 21, 2011

An act to amend Sections 890, 892, 892.2, 893, and 894 of, and to repeal Section 892.1 of, the Public Utilities Code, relating to the natural gas surcharge.

LEGISLATIVE COUNSEL'S DIGEST

SB 939, as amended, Wright. Natural gas surcharge.

Existing law ~~establishes~~ *requires the Public Utilities Commission to establish* a surcharge on all natural gas consumed in the state to fund certain low-income assistance programs, cost-effective energy efficiency and conservation activities, and public interest research and development. Existing law requires a public utility gas corporation, as defined, to collect the surcharge from natural gas consumers, as specified, and to remit the moneys collected to the State Board of Equalization (state board) on a quarterly basis. Existing law requires persons consuming natural gas delivered by an interstate pipeline to pay the surcharge to the state board. Existing law requires every public utility gas corporation and every person consuming natural gas transported by a provider other than the public utility gas corporation to file a quarterly return with the state board in the form prescribed by the state board. The money from the surcharge is transmitted by the state board to the Treasurer for deposit in the Gas Consumption Surcharge Fund and is continuously appropriated to specified entities, including to the commission, or to an entity designated by the commission, to fund low-income assistance programs, cost-effective

energy efficiency and conservation activities, and public interest research and development not adequately provided by the competitive and regulated markets.

This bill would require the commission to establish rate adjustments to fund the specified low-income assistance programs, cost-effective energy efficiency and conservation activities, and public interest research and development, and would require the surcharges imposed on natural gas customers to be equal to those rate adjustments. The bill would require only persons consuming natural gas delivered by an interstate pipeline to pay the surcharge quarterly to the state board and require only those persons consuming natural gas transported by a provider other than the public utility gas corporation to file a quarterly return with the state board. A public utility gas corporation would continue to collect the surcharge to fund the specified programs, but would not remit the moneys collected to the state board. The bill would repeal existing provisions relieving public utility gas corporations from liability to collect the surcharges for specified uncollected and worthless accounts. The bill would make other conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 890 of the Public Utilities Code is
- 2 amended to read:
- 3 890. (a) ~~On and after January 1, 2001, there shall be imposed~~
- 4 ~~a surcharge on all natural gas consumed in this state. The~~
- 5 commission shall establish ~~a surcharge~~ *rate adjustments* to fund
- 6 low-income assistance programs required by Sections 739.1, 739.2,
- 7 and 2790 and cost-effective energy efficiency and conservation
- 8 activities and public interest research and development authorized
- 9 by Section 740 and not adequately provided by the competitive
- 10 and regulated markets. ~~Upon implementation of this article, funding~~
- 11 ~~for those programs shall be removed from the rates of gas utilities.~~
- 12 (b) ~~(1)~~ Except as specified in Section 898, a public utility gas
- 13 corporation, as defined in subdivision (b) of Section 891, shall
- 14 collect the ~~surcharge~~ *rate adjustments* imposed pursuant to
- 15 subdivision (a) from any person consuming natural gas in this state
- 16 who receives gas service from the public utility gas corporation.

1 ~~(2) A public utility gas corporation is relieved from liability to~~
2 ~~collect the surcharge insofar as the base upon which the surcharge~~
3 ~~is imposed is represented by accounts which have been found to~~
4 ~~be worthless and charged off in accordance with generally accepted~~
5 ~~accounting principles. If the public utility gas corporation has~~
6 ~~previously paid the amount of the surcharge it may, under~~
7 ~~regulations prescribed by the State Board of Equalization, take as~~
8 ~~a deduction on its return the amount found to be worthless and~~
9 ~~charged off. If any accounts are thereafter collected in whole or~~
10 ~~in part, the surcharge so collected shall be paid with the first return~~
11 ~~filed after that collection. The commission may by regulation~~
12 ~~promulgate other rules with respect to uncollected or worthless~~
13 ~~accounts as it determines to be necessary to the fair and efficient~~
14 ~~administration of this part.~~

15 (c) Except as specified in Section 898, all persons consuming
16 natural gas in this state that has been transported by an interstate
17 pipeline, as defined in subdivision (c) of Section 891, shall be
18 liable for ~~the~~ *a surcharge equal to the rate adjustment* imposed
19 pursuant to subdivision (a).

20 (d) The commission shall annually determine the amount of
21 money required for the following year to administer this chapter
22 and fund the natural gas related programs described in subdivision
23 (a) for the service territory of each public utility gas corporation.

24 (e) The commission shall annually establish ~~a surcharge rate~~
25 for each class of customer for the service territory of each public
26 utility gas corporation. A customer of an interstate gas pipeline,
27 as defined in *subdivision (c) of* Section 891, shall pay ~~the same~~
28 ~~surcharge~~ *a surcharge that is equal to the same rate* as the customer
29 would pay if the customer received service from the public utility
30 gas corporation in whose service territory the customer is located.
31 The commission shall determine the total volume of retail natural
32 gas transported within the service territory of a utility gas provider,
33 that is not subject to exemption pursuant to Section 896, for the
34 purpose of establishing the surcharge rate.

35 (f) The commission shall allocate the *appropriate rate*
36 ~~adjustment and~~ surcharge for gas used by all customers, including
37 those customers who were not subject to the surcharge prior to
38 January 1, ~~2001~~ 2012.

39 (g) The commission shall notify the State Board of Equalization
40 of the surcharge ~~rate~~ for each class of customer served by an

1 interstate pipeline in the service territory of a public utility gas
2 corporation.

3 (h) The State Board of Equalization shall notify each person
4 who consumes natural gas delivered by an interstate pipeline of
5 the surcharge rate for each class of customer within the service
6 territory of a public utility gas corporation.

7 ~~(i) The surcharge imposed pursuant to subdivision (a) shall be~~
8 ~~in addition to any other charges for natural gas sold or transported~~
9 ~~for consumption in this state. Effective on July 1, 2001, the~~
10 ~~surcharge imposed pursuant to this article shall be identified as a~~
11 ~~separate line item on the bill of a customer of a public utility gas~~
12 ~~corporation.~~

13 ~~(j)~~
14 ~~(i) Notwithstanding subdivision (a), public~~ Public utility gas
15 corporations shall continue to collect in rates those costs of
16 programs described in subdivision (a) ~~of Section 890~~ that are
17 uncollected prior to the operative date of this article.

18 ~~SECTION 1.~~

19 SEC. 2. Section 892 of the Public Utilities Code is amended
20 to read:

21 892. Persons consuming natural gas delivered by an interstate
22 pipeline shall pay the surcharge *quarterly* to the State Board of
23 Equalization in the form of remittances. The board shall transmit
24 the payments to the Treasurer who shall deposit the payments in
25 the Gas Consumption Surcharge Fund, which is hereby created in
26 the State Treasury.

27 ~~SEC. 2.~~

28 SEC. 3. Section 892.1 of the Public Utilities Code is repealed.

29 ~~SEC. 3.~~

30 SEC. 4. Section 892.2 of the Public Utilities Code is amended
31 to read:

32 892.2. On or before the last day of the month following each
33 calendar quarter, a return for the preceding quarterly period shall
34 be filed with the State Board of Equalization, in such form as the
35 board may ~~prescribe~~, *prescribe*. *A return shall be filed* by every
36 person consuming, as defined in this article, natural gas transported
37 by a provider other than the public utility gas corporation. The
38 return shall be signed by the person required to file the return or
39 by his or her duly authorized agent.

1 ~~SEC. 4.~~

2 *SEC. 5.* Section 893 of the Public Utilities Code is amended
3 to read:

4 893. The State Board of Equalization shall administer the
5 surcharge imposed pursuant to this article that is remitted to it in
6 accordance with the Fee Collection Procedures Law (Part 30
7 (commencing with Section 55001) of Division 2 of the Revenue
8 and Taxation Code.

9 ~~SEC. 5.~~

10 *SEC. 6.* Section 894 of the Public Utilities Code is amended
11 to read:

12 894. The State Board of Equalization may collect any unpaid
13 surcharge imposed pursuant to this article that is to be remitted to
14 it pursuant to Section 892.2.